

## Senate Bill No. 1957

### CHAPTER 1083

An act to add Sections 25000.7 and 25000.9 to the Business and Professions Code, relating to alcoholic beverages.

[Approved by Governor September 30, 2000. Filed  
with Secretary of State September 30, 2000.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 1957, Burton. Alcoholic beverages.

The Alcoholic Beverage Control Act licenses and regulates beer manufacturers and wholesalers.

This bill would provide that no sale or distribution agreement between a beer manufacturer and beer wholesaler shall be terminated solely for a beer wholesaler's failure to meet a sales goal or quota that is not commercially reasonable under the prevailing market conditions.

This bill also would provide that a beer manufacturer who unreasonably withholds consent or unreasonably denies approval of a sale, transfer, or assignment of any ownership interest in a beer wholesaler's business with respect to that manufacturer's brand or brands, shall be liable in damages to the beer wholesaler, as specified.

*The people of the State of California do enact as follows:*

SECTION 1. Section 25000.7 is added to the Business and Professions Code, to read:

25000.7. (a) Notwithstanding the provisions of any agreement for the sale or distribution of beer between a beer manufacturer and beer wholesaler, no sale or distribution agreement shall be terminated solely for a beer wholesaler's failure to meet a sales goal or quota that is not commercially reasonable under the prevailing market conditions.

(b) For purposes of this section, "beer manufacturer" includes any holder of a beer manufacturer's license, any holder of an out-of-state beer manufacturer's certificate, or any holder of a beer and wine importer's general license.

SEC. 2. Section 25000.9 is added to the Business and Professions Code, to read:

25000.9. (a) Any beer manufacturer who unreasonably withholds consent or unreasonably denies approval of a sale, transfer, or assignment of any ownership interest in a beer wholesaler's business with respect to that manufacturer's brand or brands, shall be liable in damages to the beer wholesaler. Recoverable damages

under this section shall not exceed the compensatory damages sustained by the wholesaler and the wholesaler's costs of suit. The fair market value of the beer wholesaler's business shall include, but is not limited to, its goodwill, if any.

(b) If a beer wholesaler has been paid a consideration by a successor wholesaler for the sale, transfer, or assignment of the beer wholesaler's interest in the sale or distribution of the affected brand or brands, the beer manufacturer shall be liable only for compensatory damages in an amount reflecting the difference in the amount already paid to the beer wholesaler, and the fair market value of the beer wholesaler's business with respect to the affected brand or brands.

(c) For purposes of this section, "beer manufacturer" includes any holder of a beer manufacturer's license, any holder of an out-of-state beer manufacturer's certificate, or any holder of a beer and wine importer's general license.

